

## **Comments Received on the Jaguaré 360 ESIA and DFC's Responses:**

### **Comment: MTST analysis of Jaguaré 360° Project**

#### **1. Overview**

The Jaguaré 360° Project will have a major impact on the Jaguaré neighborhood. The project aims to build 2903 housing units (with an average of 39m<sup>2</sup>/unit) in a large block (56,578 m<sup>2</sup>), distributed in 27 condominiums of residential buildings with three entries.

The area under immediate impact, within 500-meter radius around the project, includes almost the entirety of Favela Nova Jaguaré, the largest slum in the city of São Paulo. It is, therefore, an enterprise located in an area of great social demand in which, despite a consolidated road network, there is an alarming lack of housing and public services.

#### **2. Key data**

- 45.3% of jobs in the Jaguaré neighborhood earn up to 2 minimum wages (2.3% up to 1 MW + 43%

between 1 to 2 MW)

- Within the 500-meter radius around Jaguaré 360° Project, 79.22% of families have a monthly income of up to 2 minimum wages - BRL 2200.00 - (18.19% up to ½ MW + 30.16% from ½ to 1 MW + 30.87% from 1 to 2 MW)

- Housing deficit in the municipality of São Paulo in 2019 was greater than 625,000 units, and more than 900,000 in the Metropolitan Region. 84,2% of families in this situation have an income up to minimum wages (BRL 3300), among them 18.8% earn less than 1MW (BRL 1100)

- Meanwhile, the real estate market is over-dynamic, having presented in 2019 the highest number of new residential units in the entire period of 2004-2020

#### **3. Shortage of Social Interest Housing**

The above presented data reinforces the need for an increase in the production of Social Interest Housing (SIH) specifically aimed at income groups from 1 to 3 minimum wages, which account for the majority of the housing deficit in Jaguaré and throughout the São Paulo Metropolitan Region. Brazilian real estate market is already over producing residential units for other income groups.

Therefore, to improve the quality of urban life in the city of São Paulo, it is essential that a real estate project the size of Jaguaré 360° seeks to meet the real demand for housing. Considering the socioeconomic profile of the families within the enterprise's perimeter of influence, it is necessary to implement housing units aimed at families earning up to 2 minimum wages.

#### **4. Solidarity Quotas**

In addition to being desirable that the enterprise itself considers meeting the income ranges from 1 to 3 minimum wages, there is also the need to comply with the so-called Solidarity Quotas, a mechanism established by the Strategic Master Plan of São Paulo (Law No. 16.050/2014) and the Decree No. 59,885 from November 2020.

Social Quotas are applicable to projects with a computable built-up area greater than 20,000m<sup>2</sup>, which is the case of Jaguaré 360° Project. Under this mechanism, 10% of the area must be destined to SIH. Alternatively, developers can also donate the equivalent in land for the production of SIH or in resources to the Municipality for the purpose of producing SIH and public social equipment complementary to housing<sup>3</sup>.

Even though Jaguaré 360° Project's ESIA mentions the Strategic Master Plan as consulted legislation, the Solidarity Quota is not highlighted in the report. Such absence leads to the conclusion that the requirement in question is not even being considered by the project, demonstrating that financial and market interests are prevailing over the real social condition of the region's residents.

### **5. Urban infrastructure overload and lack of public facilities**

One of the main impacts of the Jaguaré 360° Project, according to the ESIA itself, is the increase in the resident and circulating population, which is also accompanied by the overload of urban infrastructure and local public services. The study does not present any concrete mitigation measure and there is no provision for public facilities—neither in the enterprise itself, nor in its surroundings.

Those responsible for the project try to evade the responsibility to deal with such impact. The ESIA argues that the overload of urban infrastructure and public facilities is acceptable because the project is located in an area intended for demographic densification within the perimeter of the Arco Pinheiros – Urban Intervention Project. However, Arco Pinheiros Project is only a bill which has not even been approved, still in appreciation by the local Legislative Power.

Besides that, there is no information in the ESIA regarding the destination of public areas, which in this case must be carried out in order to comply with Articles 44 and 45 of Law No.

16,402/2016 (Law of Land Subdivision, Use and Occupation – LPUOS). Considering the Jaguaré 360° Project's area of 56,578.00 m<sup>2</sup> and 2,903 housing units, LPUOS determines as mandatory to allocate at least 40% of the lot area for the Municipality, with the purpose of being used in the implementation of a public green area, road systems or for public facilities in accordance with the demand of the region.

It is also worth noting that LPUOS is mentioned in the ESIA for presenting legal requirements applicable to the project (p.15), but in an extremely superficial way and disregarding the articles mentioned above.

### **6. Conclusion**

It is urgent that a real estate project the size of Jaguaré 360°, and with foreign funding, meets the income groups with the highest housing deficit in Jaguaré and in the municipality of São Paulo – families that receive a maximum of 3 minimum wages (BRL 3300.00). It is also fundamental that the Jaguaré 360° Project provides for concrete mitigation measures related to the overload of local urban infrastructure and that it complies with legal requirements that could contribute to reducing the impact such as mentioned above.

**DFC Response:**

**The ESIA of the Jaguaré 360 project was developed in accordance with the IFC Performance Standards and DFC's environmental and social requirements for the purpose of obtaining international financing. It is not intended as a document to assess local legal compliance nor for obtaining local permits and licenses. Adherence to all applicable laws are a requirement of all DFC clients and of Peninsula Investment Fund in this instance.**

**The zoning of the site permits the development of commercial, industrial and residential projects and restricts residential developments to only those that are classified and approved by the local authorities as Social Interest Housing. The Jaguaré 360 project is in the pre-development phase. It will be required to obtain all necessary permits and local government approvals in accordance with local laws before starting construction.**